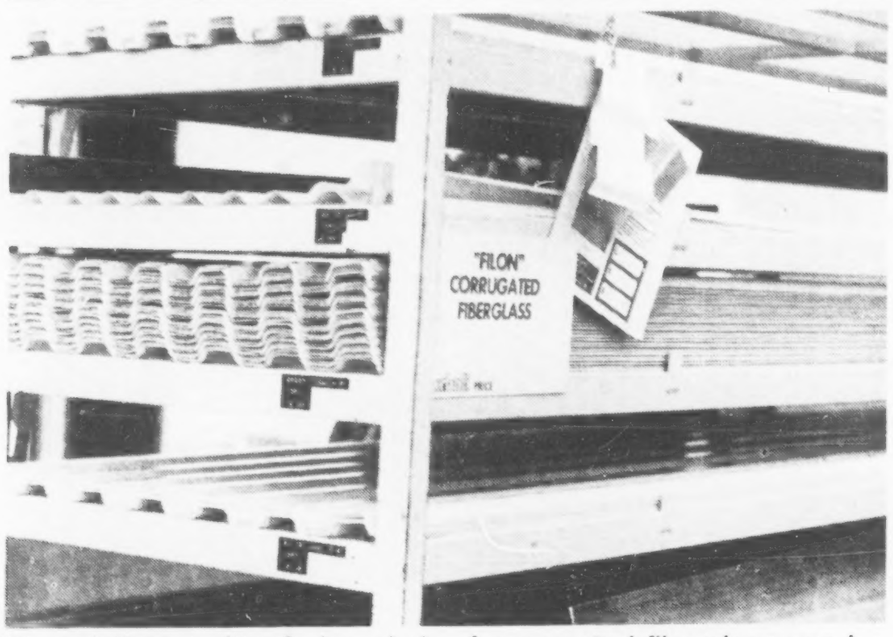
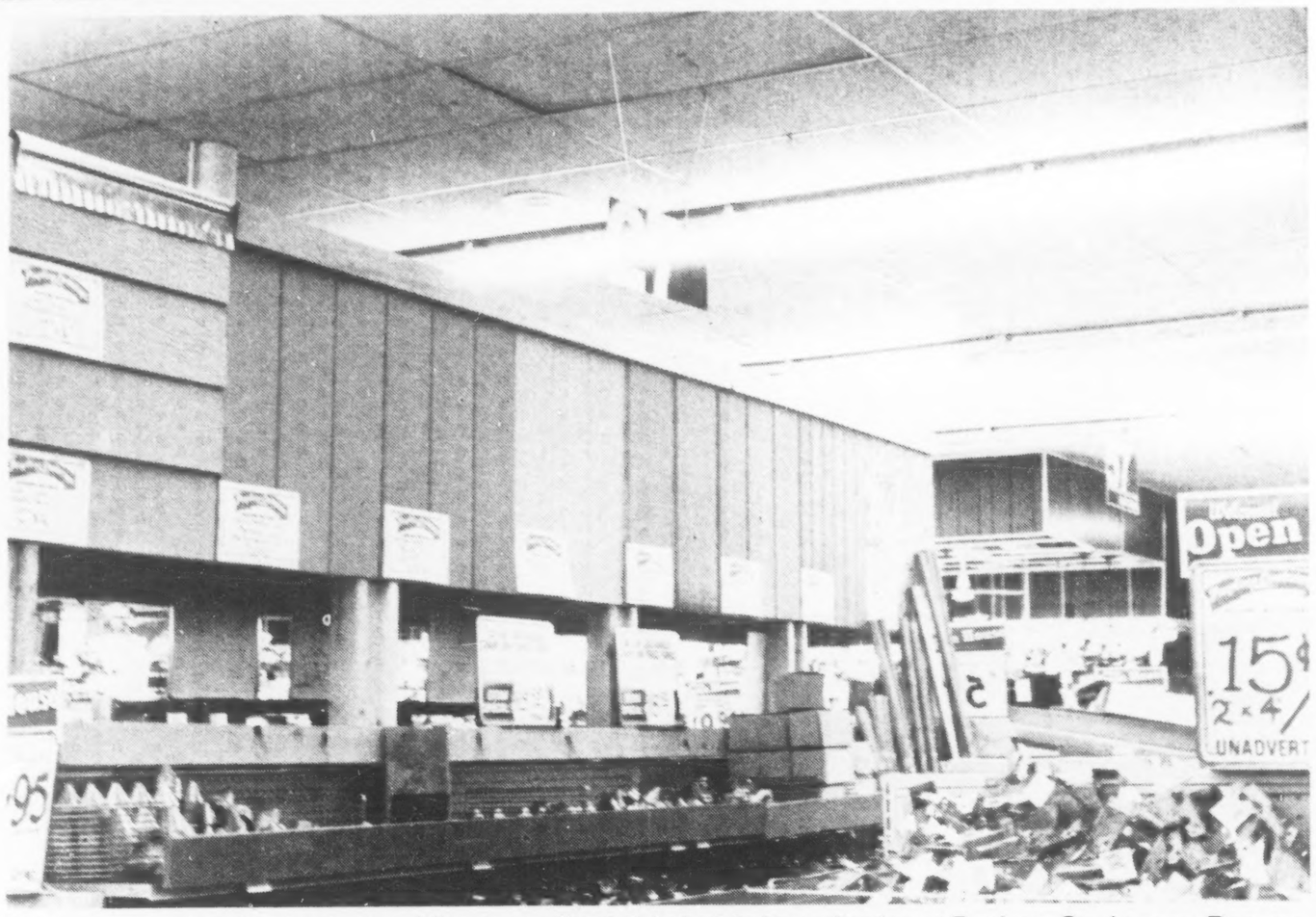
photo merchandising feature:

EXTERIORS



The relative merits of nine sku's of corrugated fiberglass can be considered by customers from this rack display at Sutherland Lumber in Colorado Springs, Colo. NHCN photo



Horizontal and vertical exterior siding is easily visible in this long display at Payless Cashways, Denver, Co. NHCN photo

Total siding sales

(in billion sq. ft.)

	1981	1982
New homes	1.7	1.4
Retrofit	1.9	1.5
Retrofit by DIYers	0.8	0.6
Retrofit by contractors	1.1	0.9
Total	3.6	2.9

Market share for retrofit siding on existing homes

(based on sq. ft. sales)

Material	1981	1982	% of product installed by DIYers annually
Aluminum	31%	28%	25%
Vinyl	27	30	28
Hardboards	8	8	83
Steel	7	7	NA
Lumber	7	7	87
Plywood	5	5	87
Shakes & shingles	4	4	85
Stucco, asbestos, brick, other	11	11	NA

NA = Not available

Source: Housing Industry Dynamics; 1982 figures are *National Home Center News* estimates.

While aluminum and vinyl siding continue to dominate the existing home market, they are considerably less popular among DIYers than wood and wood product alternatives. Siding installed as retrofit continues to exceed that applied to new housing. Although total siding for both new and existing homes will continue to soften during 1983 its decline should not be as dramatic as the 30% dip experienced during 1982.

Wood dominates siding market despite gains by vinyl, aluminum

By Phillip Perry
NHCN associate editor

NATIONAL REPORT—The resurgence in home building has pushed aluminum siding unit sales up by 30% for the first quarter of this year, compared to the square footage sold for the same period a year ago.

However, retailers report that sales of aluminum siding, and siding products in general, have been relatively flat or are showing only modest gains over last year.

Aluminum siding makers are trying to recover a lead lost for the first time last year to vinyl siding. According to the Architectural Aluminum Manufacturers Assn., 350 million sq. ft. of vinyl siding was sold last year, eclipsing the 325 million sq. ft. of aluminum siding sold.

The succession of vinyl came largely at the expense of declining aluminum siding sales from 1981, where 400 million sq. ft. of material sold, compared to 325 million sq. ft. of vinyl siding. A decade ago, aluminum accounted for 95% of the non-wood siding market. Mounting energy costs, in transforming clay into aluminum, however, have given vinyl a 20% finished cost advantage to today's siding users.

Aluminum and vinyl continue to dominate the retrofit siding market, but together still fall far short of wood products as a source of siding material.

Last year, approximately 1 billion sq. ft. of hardboard, and another 1 billion sq. ft. of plywood siding went into the housing market; red cedar siding (including roofing) came to another 900 million sq. ft.

Those figures are reflected in the fact that wood sidings constitute 90% of the siding inventory at most home center outlets.

Despite some headway in making aluminum and vinyl siding easier for DIYers to install, retailers and even some manufacturers admit the products are difficult to sell directly to homeowners without installation service.

Although 75% of aluminum siding sales are destined for application to existing houses—the primary home center market—only 25% of material sold is installed by do-it-yourselfers, according to Housing Industry Dynamics, Crofton, Md. The figure is only slightly higher for vinyl siding. Hardboard, plywood and other wood sidings, though they account for only about a fourth of the retrofit siding market, are typically installed as much as 85% of the time by DIYers.

"For the do-it-yourselfer or small contractor, the application [of aluminum and vinyl siding oftentimes] is too complicated," acknowledged a spokesman for one manufacturer of both products, who requested not to be identified.

"Vinyl expands and contracts and you can end up with a wavy appearance if improperly installed. Aluminum is hard to put on straight," he said, "and you need specialized tools to do the job right around the corners and windows."

The success of independent siding applicators, as a result, has left home center dealers reluctant to stock aluminum siding, although vinyl has gained some headway in retailers' inventory.

Somerville Lumber and Supply, O'Malleys Lumber, Thriftway Lumber and All American Home Center, for instance, stock only wood and hardboard siding. Brewster's and Hill-Behan Lumber stock vinyl in modest quantities.

Most home centers report siding sales are either holding steady or increasing modestly over the past year. O'Malleys' report of "stable" sales was typical. Somerville pegged an increase of 10%. While Brewster's reported an increase of close to 20%—attributed to an increase in housing starts.

(Continued on page 12)

Wood and wood by-product materials account for over 90% of all siding sold through home centers nationally. Grossman's warehouse in Ventura, Calif., stocks a large quantity of fir siding. NHCN photo

EXTERIORS

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4'x 8' Cross Sawn Fir..... $21.99
Reg. $23.99. Pre-finished hardboard in a cross-cut fir pattern, with grooves cut 4" on center. Contemporary. #07194,5
4'x 8' Cross Sawn Fir..... $21.99
Reg. $23.99. This pre-finished siding has a handsome reverse board and batten pattern in hardboard. #07180,1
Barnboard 4'x 8' Panel..... $22.99
Reg. $24.99. Looks like weathered and aged barnboard, with random grooving for planked effect. 3 colors. #07176,7,8
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MASONITE
Super Value! Weather Screen Oil Base Stain $12.99 Gallon
Ref. Price $18.95. Seals, protects and colors the wood. In selected stock colors. #46339,43
Easy Coverage Olympic White Satin Overcoat® $14.49 Gallon
Ref. Price $20.95. Exterior latex, made for previously painted surfaces. #46176
Protects Wood Olympic Clear Wood Preservative $9.99 Gallon
Ref. Price $13.95. Seals & protects siding, etc. #46247
5-Gallon Pail..... $44.99
Ref. Price $63.25 #46249
Save $5.00! Waterproofing Paint Formula $9.99 Gallon
Regularly $14.99. Helps prevent water damage to wood, brick, concrete. Penetrates, seals. #46097
Save $1.00! Rust-Oleum® 9 Colors
Save $30.00! Airless Electric Paint Sprayer

In a recent 24-page circular, Lowe's devoted one page to cross-merchandising six types of hardboard and barnboard siding with suitable exterior wood stains and preservatives.

Wood remains No. 1 in the siding category at home centers as 90% of the siding inventory carried by many DIY retailers is wood. Busy Beaver's Niles, Ohio, unit displays yellow pine siding on an endcap through a simulated application. NHCN photo

Siding

(Continued from page 11)

Many retailers said the pace of siding sales most often reflected that of housing starts in their regions.

Buyer Dick Wood at O'Malleys Lumber in Phoenix says his chain keeps two carloads of hardboard siding in stock and sells from 15 to 20 carloads a year. Gross margin on sales runs 30% at regular pricing and 25% during sales. The 4x8 sheets are stocked in a half dozen different thicknesses and textures. They sell at price points ranging from $5.99, the most popular, to $9.99 each. Vinyl siding is not stocked because it cannot hold up to the Arizona heat, while pure wood siding, such as cedar, cannot resist the desert dryness.

Somerville carries 5/8-in. fir texture hardboard in 4x8 sheets as well as cedar clapboards. The latter type is popular with those seeking a New England look and now accounts for 25% of the total siding sales.

The company stocks one carload each of Texture 1-11, red cedar shingles and white cedar shingles. Prices for all siding runs about 50¢ a square foot. The stores go through about six carloads of siding a year and average a 25% gross margin on sales.

Display presents the most difficult problem with siding at Somerville because of the space it demands. A small replica of a building includes some panels of the available siding, but more sales are generated by the quarterly tabs printed in full color and distributed through the *Boston Globe*. One recent tab featured the fir texture siding at $16.99 per 4x8 sheet in an inch and a half square display on its front cover.

Vinyl siding accounts for less than 5% of siding sales at Brewster's in Providence, R.I. Wood, such as rustic pine, cedar clapboards and cedar shingles, are more popular. From eight to 10 carloads of siding are stocked for distribution to the company's four outlets.

In April of this year buyer Tom Thomas at All American Home Center in Downey, Calif., dropped some slow moving cedar siding, the last casualty in a gradual but steady cutback from the time several years ago when his store displayed 18 different sidings on the exteriors of outdoor sheds. Now Thomas stocks 5/8-in. fir texture 1-11 siding in either 4 in. or 8 in. on center. The store goes through its stock of 40 to 44 sheets in one or two months. Restocking takes only three days.

Contractors exhibit no greater demand for nonwood siding that do-it-yourselfers. Thriftway Lumber, primarily a contractor yard in Boise, Idaho, reports no demand on the part of its clientele for aluminum and vinyl siding which is applied primarily by local specialists. Two price points are popular at Thriftway: cedar and fir texture 1-11 at 85¢ a square foot and hardboards at 45¢ a square foot.

B & B Home Supply Centers in St. Louis responded to the dip in vinyl prices by taking on that category of siding during the first quarter of this year. "The price of 50¢ a square foot is now comparable with our wood siding," says buyer John Herden. He says the maintenance-free aspect of vinyl may attract many consumers.

For its five stores, B & B has stocked 100 squares of white vinyl, the favorite color for siding in the area. Other colors can be special ordered.

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FUTURES

Two weeks ended May 27, 1983

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
July '83	244.00	222.00	243.70	227.20	4,652	244.00	158.00
Sept.	237.50	220.60	236.90	223.30	2,531	237.50	163.80
Nov.	227.00	214.00	226.00	216.50	1,912	227.20	168.00
Jan. '84	230.90	215.50	228.70	218.40	343	234.00	179.00
March	235.80	218.00	231.10	220.80	144	240.50	206.50
May	240.40	222.90	231.50	224.50	44	245.50	222.90
July	246.50	224.60	234.10	228.00	29	252.50	224.60

Total Contract Vol. (Through 5/27): 33,699 — **Previous Two Weeks: 38,525**
Total Open Interest (As of 5/26): 9,655 — **Previous Week: 9,814**
Cash Price: $235.20 — **Previous Week: $225.40** — **Year Ago: $139.16**

PLYWOOD (CBT)—76,032 sq. ft. ½-in. ext. 4/5-ply; $ per 1,000 sq. ft.							
July '83	220.00	208.50	219.10	208.00	1,238	221.00	170.00
Sept.	220.00	209.00	218.40	211.50	742	223.90	185.00
Nov.	222.50	208.20	216.00	210.70	216	226.60	201.50
Jan. '84	223.00	210.20	216.50	208.20	41	223.00	201.20
March	225.00	210.50	217.00	210.50	22	225.00	208.50
May	215.00	215.00	215.00	211.00	—	215.00	214.00

Total Contract Vol. (Through 5/27): 2,709 — **Previous Two Weeks: 3,462**
Total Open Interest (As of 5/26): 2,259 — **Previous Week: 2,457**
Cash Price: $209.72 — **Previous Week: $206.78** — **Year Ago: $172.48**

COMMODITY RESEARCH BUREAU INDEX:	This Week 250.9	Previous Week 249.1	Year Ago 246.8

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, May 26.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

LUMBER REPORT

NAWL attendees' mood warmed by brightening business climate

By Kenneth Schept
NHCN senior editor

COLORADO SPRINGS—The sun shone brilliantly on Cheyenne Mountain, which formed a backdrop to the 91st meeting of the North American Wholesale Lumber Assn. held here late last month, about 6,000 ft. up in the Rockies, at the Broadmoor Hotel.

Schept

Significantly, the mood of the affair was consistent with the weather. While many of the 542 members and spouses who attended did not see a cloudless future economically, the business climate had shifted dramatically since last year's meeting, where attendance reached only 399.

That meeting was held at a resort in Hot Springs, Va., and attendance at that location is normally off because of the distance from many parts of the country. Still, Pete Niebling, NAWLA secretary, felt that the Broadmoor turnout was indicative of better economic times.

During the past few bad years, he said, seven or eight NAWLA members went bankrupt and perhaps of total of 20 are no longer in business. Membership slipped to 545, a drop of 42 companies. But Niebling said membership is climbing again.

In his opening remarks at NAWLA's meeting president Wilf Livermore, Micholson & Cates, Burlington, Ont., added "NAWLA is leaving this deep recessionary period intact," he said. "The experience we've come through should benefit us in the 1980's and beyond."

Interviews with those attending suggest that the survivors have learned some lessons from the difficult economy of the past few years although no one seems to be looking back.

Harry Marshall, Island Lumber Specialties, Richmond, B.C., did not attend the NAWLA annual meeting in 1982. Last year at this time Marshall's operation, which remanufactures red cedar into siding, was shut down completely.

"I just couldn't justify going last year, knowing my employees weren't working," he said.

The company is now running one shift, compared to two in the past. Marshall may not bring on a second shift, at least not quickly. One of the recession's legacy's is an effort to increase productivity.

"We're trying to do in one shift what we used to do in two," he said. In accomplishing that goal, Island Lumber Specialties embarked on a capital improvement program that was started in 1981 and curtailed when the bottom fell out of the market.

"Things are looking a bit brighter," Marshall admits, but he remains skeptical about the extent of the recovery. "Some feel it's back to the way things were," he said. "I don't think that's the case."

Business has improved significantly at K.V. Lumber Sales, Denver, where Ken Erjavec, a partner, noted that volume was up 80% for the first four months of this year, while profits soared 150%. Still, he too was somewhat hesitant about the strength of the recovery, feeling that the so-called pent-up demand for housing might not materialize. Many young potential home buyers may be frightened, he speculated, and may be content to double up with parents or in-laws.

Guest speaker, economist Dr. Donald Ratajczak, addressing NAWLA members, noted however, that the recovery is not as weak as many have been saying.

"Second and third quarter momentum is in the cards in housing," he said. "The consumer is coming back into the marketplace. Consumer income is starting to rise. We'll see an increase in real spending."

Ratajczak is predicting 1.62 million housing starts this year, which will require 12.7 billion board feet of lumber or 40% more than last year.

"Basically, you fell into a deep hole and are climbing out of it," he told the group. "You will find out what level earth is at the end of this year."

He did note that capital spending has picked up somewhat earlier than is normal during a recovery, because business has learned that it must be cost effective.

Some lumber wholesalers are taking innovative steps:

At Mid-State Lumber, Branchburg, N.J., business is up and president Bernie Bernstein is wasting no time in developing new ways to serve his retail customers, which make up the majority of his business.

Currently, to deliver cleaner, more appealing appearance lumber, Bernstein is working on a deal with Western Intermodal Services, South Holland, Ill., to have lumber-laden trucks shrink wrapped before being piggy-backed across country on flatbed rail cars.

The process, he hopes, will cut down on dirt and damage, since at $60,000 a load for about 50,000 board feet, "you can't afford to have too much damage."

It seems to be a forward-

(Continued on page 35)

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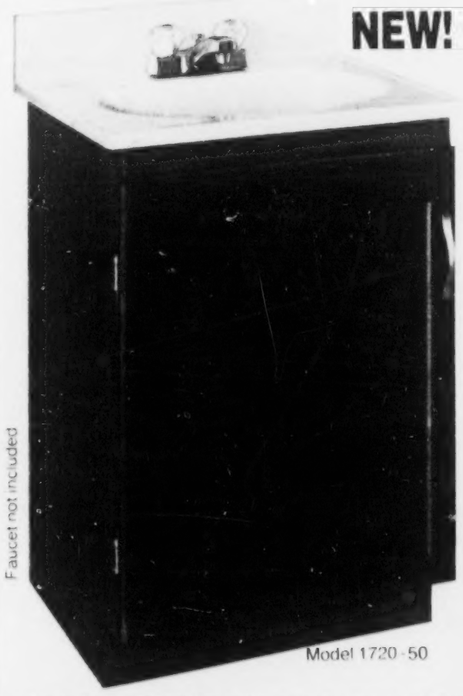

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SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
The Home Depot	5/1-1st qtr.	$ 42,993	$ 25,610	68	$1,367	$ 795	72
Lowe's	4/30-1st qtr.	299,500	214,800	39	8,700	3,200	170
Pay 'n Save	4/30-1st qtr.	244,488	218,105	12	2,509	912	175
Rickel Home Centers	4/30-1st qtr.	53,800	44,333	21	—	—	—
Scott's**	4/30-1st qtr.	8,290	6,743	23	206	– 209	—

*$ in thousands
**Results for Scotts Seaboard's retail Scott's division and its operating profits only.

Scott's sees operating profit in 1st qtr.

LINTHICUM, Md.—A successful advertising campaign, including its first television ad program (*NHCN*, April 25), and maturation of certain former Frank's units acquired in 1981 joined with an improving economy to put Scott's in the black during the first quarter, company officials said.

The 17-unit, Baltimore/Washington chain reported operating profits of $206,000 for the quarter ended April 30 compared to a first-quarter loss of $209,000 a year ago.

The factors that helped Scott's make a profit in the period also helped produce a 23% rise in sales to $8.3 million compared to last year.

Overall, Scott's parent, Scotts Seaboard, which also operates millwork distributor Seaboard Plywood & Lumber, South Windsor, Conn., reported net income of $156,000 for the quarter compared to a net loss of $416,000 a year ago on a sales gain of 27% to $10.7 million. The net income figure includes a $75,000 income tax benefit from the application of net operating loss carryforward.

Hines shareholders to get 15¢-per-share dividend

CHICAGO—Edward Hines Lumber is resuming dividend payouts after more than a year and a half without them—a move essentially based on a brightening outlook for the near future.

The 25-store company with wholesale interests will pay a 15¢-per-share dividend on July 11 to shareholders of record on June 15. It last paid the 15¢-per-share dividend in October 1981.

Hines officials are looking for continued improving results from its retail and wholesale businesses this year despite a lukewarm first quarter. Losses from continuing operations in the first quarter totaled $550,524, down from a $3 million loss incurred in the same period last year (*NHCN*, June 6).

Sales from the businesses did improve 48% in the quarter, however, and the company reported a $4.9 million net profit, mostly from a $5.5 million extraordinary gain in the period.

The company has sold off most of its sawmill and timberland holdings to concentrate on retailing and wholesaling.

Lowe's sales, earnings rise in 1st quarter

NORTH WILKESBORO, N.C.—A 37% rise in comparable-store sales and an overall 39% increase in volume helped push Lowe's earnings 170% ahead of its first quarter 1982 levels during the initial three months of its current fiscal year, company officials reported.

Lowe's net income reached $8.7 million in the first quarter ended April 30 on sales of $299.5 million.

The sales gain was sparked by a 52% rise in professional sales to $147.9 million. Retail volume grew 29% from the same period last year to $151.7 million.

Officials from the 235-store chain said the increased sales along with continuing programs to strengthen gross margins which stood at 24.6% chainwide in the quarter, and manage expenses contributed to the sharp earnings increase.

NHCN's
Consumer Study Issue
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July 18

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FINANCIAL

STOCK PRICES

	As of 5/26	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)	46½	47¼	19¾	16
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]	11⅞	15⅞	4⅞	—
Forest City (AMEX)	10⅞	11¼	3¼	54
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	49⅛	49⅝	28½	11
The Home Depot (NASDAQ)	45	47⅜	7¾	—
Lowe's (NYSE)	29¼	32	8⅜	33
Pay 'n Save (NASDAQ)	50⅝	51⅜	16⅝	—
Pay 'N Pak (NYSE)	21⅝	21⅝	18¾	17
Payless Cashways (NYSE) [Furrow]	30⅛	29⅞	9⅜	30
Scotty's (NYSE)	17¾	21⅛	9	18
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]	14¼	14¾	7¼	—

Over-the-counter stocks

	As of 5/26 Bid	As of 5/26 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	20	21½	20	8½
Hechinger	31	31⅛	38½	14¼
Home Centers of America	7½	8	8	5
Hines Lumber	25½	27	26½	13
Scotts Seaboard [Scott's]	4½	6	4½	⅝
Wolohan Lumber	9⅜	9½	10⅛	3¼

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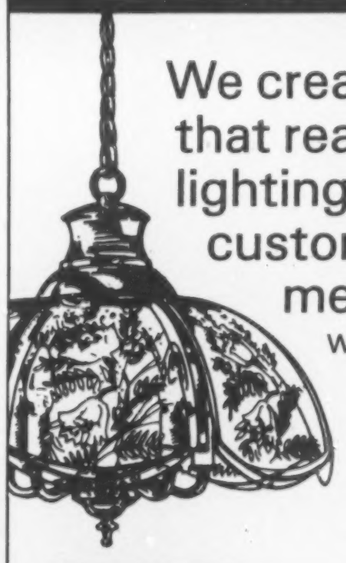
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National
Home Center News ®

Vol. 9, No. 14 The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. July 4, 1983

Peter Kuntz' new course: 100% DIY

Prototype stresses consumer business

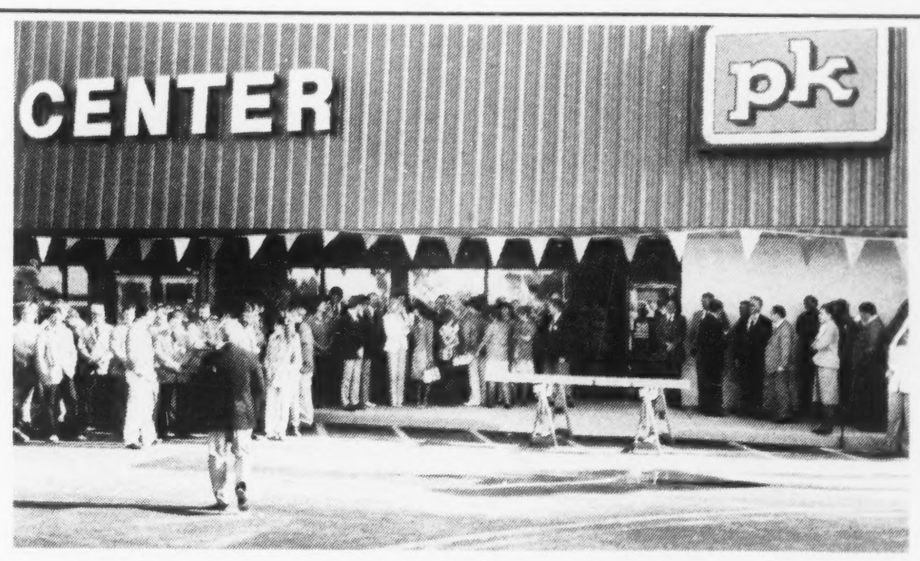
By Phillip M. Perry
NHCN associate editor

HUBER HEIGHTS, Ohio—The Peter Kuntz Co., until now a retailer with a 60%-40% mix of consumer-contractor sales, has shifted direction on all new stores to 100% consumer.

The first store to reflect this new direction opened May 26 in this Dayton suburb as a conceptual prototype for future PK Building Centers. The store has 28,000 sq. ft. of showroom and 10,000 sq. ft. of outside display space.

"This store is just the beginning of our plans to change our image and customer mix," said Martin Kuntz, president of the $50 million, privately held company, which operates 25 stores primarily in Dayton suburbs and eastern Indiana.

Thomas Cawley, merchandising vice president, said the new store is a conceptual prototype that possesses a number of features the company wants to incorporate into new stores. The $1 million project, funded by an industrial revenue bond, is expected to return between 25% and 30% more in consumer sales than any other PK store.



Customers and employees await ribbon-cutting at opening of new PK Building Center in Huber Heights, Ohio. The store is the company's first to reflect new emphasis on consumer sales. NHCN photo

The store has opened at a time when large competitors are expanding into the Dayton market, noted Cawley. In May, he reports, two $2.5 million industrial revenue bonds were approved for two new 84 Lumber sites. Also, Payless Cashways is looking for two or three new sites in the market. And, in a few weeks Sutherland Lumber is planning to open an 84,000-sq.-ft. store expected to resemble a warehouse operation.

"The increasing level of competition has made us better marketers," said Cawley.

The new PK image begins with the "Building Center" title which will be used on new stores. The designation was based upon results of two months of market research performed in conjunction with Wright State University,

(Continued on page 36)

Bowater to launch first three stores by end of the year

Targets $500M in sales by 1990

By John Caulfield
NHCN associate editor

PLANO, Tex.—"Our company is not interested in developing a chain with only four or five stores," asserts Ralph Dillon, president of Bowater Home Centers. "We want to be a major force in the industry."

For a company that has been trying to crack into the industry for three years and won't open its first store until September, Bowater—a subsidiary formed in 1980 by the British manufacturing and trade firm Bowater Corp.—is setting out on an ambitious course.

Dillon, a 10-year veteran of Wickes Lumber who joined Bowater in August 1982, said that by 1990 the company would have 40 to 50 stores throughout the Sunbelt generating in excess of $500 million in sales by 1990.

By the end of 1983, Bowater expects to have opened three home centers, in Mesquite, Richardson and Arlington, Tex.—the first a former Treasury unit, the other two Woolcos. Each will be a 70,000- to 75,000-sq.-ft. warehouse-style home center carrying about 30,000 sku's and from $1.8 million to $2 million worth of inventory at retail.

This month, meanwhile, Bowater will open its first distribution center. In addition, Dillon said the corporation has already pledged $500,000 to place each retail unit on a computerized POS inventory and sales recapture system. And, over the past half-year, the company has scoured the home center industry to attract sev-

(Continued on page 42)

Home center chains turn to owner-builder schools for in-store DIY seminars

BERKELEY, Calif.—While home centers have traditionally used vendor reps or their own personnel to run in-store seminars for customers, chains such as Lumberjack Stores, Orchard Supply and Ace Hardware Corp. have started to use the services of instructors from a growing number of owner-builder schools.

Owner-builder schools came onto the scene about five years ago to train increasing numbers of people who want to build their own homes. Providing in-store clinics at home centers is a new twist which has arisen over the past few months.

the Owner Builder Center
A non-profit organization.

The Owner-Builder Center of Berkeley is headquarters for the newly formed Nat'l Assn. of Owner-Builder Schools.

Users report the schools provide instructors with hands-on experience, freedom from manufacturers' bias, and a refreshing lack of commercialism in their presentations.

In May, the National Assn. of Owner-Builder Schools was formed to coordinate the resources of close to 40 such schools nationwide for use by home centers, distributors and manufacturers.

Lumberjack Stores, Sacramento, Calif., will employ the instructors from the Owner-Builder Center of Berkeley for a series of deck seminars this August. The Berkeley school serves as headquarters for the new association and is the largest such school in the nation.

"We feel using the outside school to run the deck seminars will take some of the commercialism out of the promotion," explains John Lyon, sales manager for Lumberjack. "This should attract more people."

Starting Aug. 5, deck seminars will be held on four consecutive Saturday mornings from 9 a.m. until noon. Two hours of instruction will be followed by two hours of hands-on experience each morning. By the end of the four weekends the entire deck will be constructed.

(Continued on page 42)

After the deluge:

Expect extended L&G promotion to recoup spring sales wash-out

NATIONAL REPORT—Home center retailers and vendors expect lawn and garden selling seasons to be extended into July and possibly August this year in order to recoup business lost to an unusually rainy spring and a string of weather-related catastrophies.

At least 30 spring sales days were washed away, some industry sources estimate. Most dealers, however, do not expect lawn and garden business to dip below last year's totals because early season sales had been brisk and a strong June and July are hoped for, weather permitting.

It is not certain which products were most hurt by the weather. In some areas of the country power equipment sales were off, while hand tools did well. In other areas the opposite was true. The same contrast occurred with seed and fertilizer.

That the weather has been what one dealer described as "wacky" was undeniable. The National Weather Service reported that, through May, rainfall was 50% above seasonal levels throughout the country:

- On the East Coast, rain fell on 15 to 20 consecutive weekends in some states;
- In Denver, snow fell the third week in May;
- And, in usually dry Utah, 15.5 in. of rain had fallen for the year through June 9 and one ski area, 25 miles from Salt Lake City, reported 805 in. of snow had fallen this winter compared with 650 in. at this time last year. A sudden four-day heat spell melted massive amounts of snow, and resulted in floods and mud slides.

"Virtually every home has been sandbagged, and the state has been relocating people to safety every day," said Bob McHale, merchandising vp for the 23-unit Anderson Lumber, Ogden, Utah.

Because of the poor weather, McHale said the stores' higher-ticket lawn and garden power equipment "has done very poorly. We brought in a truckload of lawn mowers for our 'early bird' promotion, and we're now forced to take steps—including margin slashing and resale to other dealers—to get rid of the inventory." He said that string trimmers had sold better, "but not nearly in the quantities we expected."

McHale said Anderson Lumber had been having "our most successful season with lawn and garden tools in our history. For instance, we've been promoting

(Continued on page 41)

NEWSBREAKS

NEIMAN-REED PRESIDENT RESIGNS. Bob McNulty, who joined 13-unit Neiman-Reed, Van Nuys, Calif., one year ago as executive vp, and who was named president in March, resigned July 1 to pursue new business interests. Jack Barber, one of three area supervisors and considered McNulty's right-hand man, will take charge, as vp-operations. Barber, a 15-year retailing veteran, worked at Two Guys and Angels, prior to joining N-R last year.

INSIDE:

HORACE PIERCE, longtime NRLA torchbearer, died of cancer last month ..... Page 4
'A BIG TURNAROUND' is how Chase-Pitkin president Stephen Underwood describes the improved sales performance of the 10-unit Rochester, N.Y., chain ..... Page 3
TOOL KING, a six-store specialty chain, stands out in the competitive Denver market through heavy advertising and strong service ..... Page 3
TIME'S RUNNING OUT on contract relief for timber companies holding high-priced Federal stumpage ..... Page 6

NHCNews Briefs

Industry Update

Home Depot stock splits again

ATLANTA—Home Depot stock split for the fourth time in 18 months, on June 8.

The 2 for 1 split was authorized at the May 18 board of directors meeting of the 13-store chain. The stock was selling at $54 per share on the day of the split.

A similar split occurred last December. That action was preceded by a 3 for 2 split in January 1982 and a 5 for 4 split in April 1982. Home Depot stock was first issued in September 1981 at $12 per share.

The strong stock market showing has probably been driven by the company's performance. In the first quarter of 1983, compared to the same quarter a year ago, income grew 72% to $1.4 million on sales of $43 million, a 68% gain.

The Home Depot now has about 22 million common shares outstanding. The board of directors increased authorized shares from 15 million to 50 million.

No appeal on ITA tariff issue

WASHINGTON—The final decision of the International Trade Administration rejecting import duties on Canadian lumber, shakes, shingles and fencing will not be appealed, according to Paul Ehinger, executive vp of the Western Resource Alliance.

Groups that supported the tariff under the auspices of the Coalition for Fair Canadian Lumber Imports, may eventually seek another remedy, such as a revision of trade laws, Ehinger said. For the moment, however, the issue seems closed.

"We have other options that could be explored," said Ehinger. "But with the economy returning, logic says we're going to sit back on our haunches and take a look."

The ITA, an arm of the Department of Commerce, made its final determination on May 24, with a finding that Canadian subsidies on the product in question were minimal and that "no benefits which constitute subsidies . . . are being provided to manufacturers, producers or exporters in Canada." This final ruling followed a similar preliminary determination on March 7.

Imposition of a tariff requires not only demonstrating that a foreign country is subsidizing its industry, but also that United States companies are being hurt by that competitor's exports.

Last November the U.S. International Trade Commission found that United States lumber producers had indeed been hurt by their Canadian counterparts. But the United States lumber industry has recovered dramatically since then, possibly to the point that, if the ITA result were appealed, injury would now be difficult to prove, according to Ehinger.

Payless in Colorado Springs

COLORADO SPRINGS—Payless Cashways has completed conversion of the three former Brookhart stores it took over here last year, with stores reportedly averaging just over $4 million in unit sales annually. The figures, officials indicated, are somewhat under the chain's average, although Colorado Springs currently hosts 10 major competitors serving a population of only 250,000.

To make the public aware of Payless, advertising budgets have been increased to 2.5% of sales in Colorado Springs compared to the more typical 1.5%. The company also became deeply involved in a community effort to build a running track for the "Handicapped Special Olympics."

The effort was consistent with Payless' policy of making a civic contribution each time the 111-store chain enters a new market. The track was selected because of Colorado Springs' strong commitment to its handicapped and other special populations, a Payless spokeswoman said. The track is part of Otis Park, where most equipment is specially designed for handicapped access.

Payless initially donated $3,500 and joined with several civic groups in a challenge called "Help Us Make It To The Finish Line," which was aimed at raising several thousand additional dollars.

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Vol. 9, No. 14 July 4, 1983

Madera Pacific expansion rests on Knecht Lumber Mart model

RAPID CITY, S.D.—Madera Pacific Inc., a Midwest holding company, is making a major new commitment in the retail building materials industry by launching an expansion program for its Lumber Mart chain.

"We plan to acquire or open an average of two stores a year," said Madera Pacific president Ron Doering. If the economy's recovery continues unabated, Doering feels that in five years the Lumber Mart chain, which now consists of three stores, will likely grow to be a $25 million operation with eight to 10 outlets in any of five Plains states.

The company will move into its second phase of expansion this fall when it plans to enlarge the 4,000-sq.-ft. display area of the Gilette, Wyo., Lumber Mart by converting that store's 6,000-sq.-ft. warehouse into merchandising space.

Last December, Madera Pacific replaced the facilities at its 55-year-old Knecht Lumber Mart in Rapid City—where Madera is headquartered—with a new 36,000-sq.-ft. store offering triple the display space.

"With the Knecht opening we moved into the home center field for the first time."

With the $1.4 million Knecht construction, Doering expects additional annual revenues of $2.5 million; the old store sold over $6 million worth of merchandise annually.

Depending on the nature and size of the surrounding populations, each of the new stores will open as a traditional lumberyard, a cash and carry farm and agricultural outlet, or a home center. To facilitate the chain's future management needs, new stores will be located within a single day's travel from Madera's headquarters, in North Dakota, South Dakota, Nebraska, Wyoming or Montana.

Colorful banners, an open truss system, downlighting, wide aisles and a five-tiered lumber display highlight the new Knecht Lumber Mart, Rapid City, S.D.

Because of the sparse population in the upper Midwest, many of the new stores are likely to be smaller than the Knecht facility, which has an inventory of from $750,000 to $850,000.

According to Doering, before acquiring or opening a store, prospective sites must be in an area with a minimum of population 25,000 people within a 60-mile radius and be able to generate annual revenues of at least $1 million.

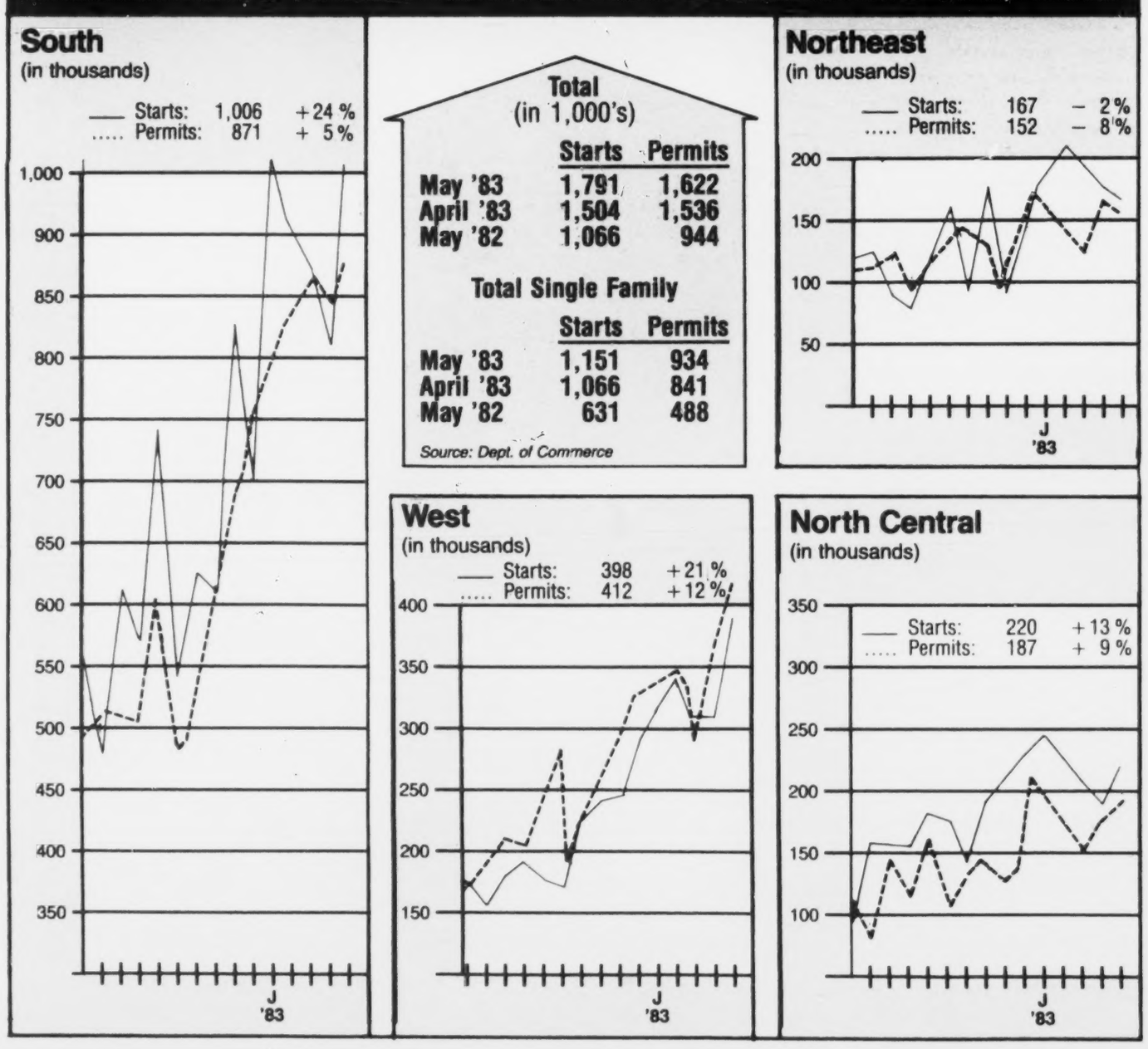
The Knecht store currently serves a population of 90,000 people within a 50-mile radius of Rapid City, a town which serves as a distribution center for the sparsely settled area of western South Dakota. Although a number of lumberyards and hardware stores serve the city, the only serious home center competition for Knecht is a Lampert Lumber Co. outlet three miles away, Doering said.

Although a rebound in the economy encouraged the expansion of the Knecht store, the actual decision to grow was precipitated by a crisis in mid-1981, when the landowner from whom Knecht leased its building found a buyer for the property.

To save its position, Knecht entered into a joint venture

(Continued on page 41)

May home-building activity



Housing starts and building permits in May reached their highest levels since September 1979. Total seasonally adjusted starts were 1.79 million, a 19% increase from April, while permits were 6% above April with 1.62 million filed. Compared with seasonally adjusted figures for May 1982, starts and permits were up 68% and 72%, respectively.

Both the South and West recorded sharp month-to-month increases in May, while the North Central region was up somewhat more moderately and the Northeast actually experienced a decline in both seasonally adjusted starts and permits.

May's strong showing overall was attributed to good weather and interest rates that remain relatively favorable, although there is still apprehension that those rates could again climb.

FINANCIAL

STOCK PRICES

	As of 6/10	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)	42¼	47⅜	19¾	106
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]	11½	15⅞	4⅞	—
Forest City (AMEX)	26¾	26⅜	11½	17
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	49¼	49⅝	28½	11
The Home Depot (NASDAQ)	28¼	29¾	4	—
Lowe's (NYSE)	27¾	32	8⅜	31
Pay 'n Save (NASDAQ)	22⅝	25⅝	8⅜	—
Pay 'N Pak (NYSE)	20	21¼	18¾	15
Payless Cashways (NYSE) [Furrow]	29⅜	31	9⅝	29
Scotty's (NYSE)	18	21⅛	9	19
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]	13¾	14¾	7¼	—

Over-the-counter stocks

	As of 6/10 Bid	As of 6/10 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	21	22	21½	8½
Hechinger	23⅜	28½	38½	14¼
Home Centers of America	11	11¾	12½	5
Hines Lumber	25¾	27	26½	13
Scotts Seaboard [Scotts]	3½	5	4½	4⅝
Wolohan Lumber	9	9¼	10⅛	3⅜

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Hechinger	4/30-1st qtr.	$ 64,746	$ 54,756	18	$2,446	$ 2,020	21
Lowe's	5/27-4 wks.	123,100	86,500	42	—	—	—
Scotty's	5/28-4 wks.	34,433	27,245	26	—	—	—
Wickes	4/30-1st qtr.	640,482	592,796	8	−7,793	−156,367	—

*$ in thousands

Hechinger 1st quarter results:

Unseasonable weather dampens growth

LANDOVER, Md.—Wet and cool weather during the first quarter ended April 30 limited Hechinger sales growth to 18% overall and to 5% on a comparable store basis in the period, officials reported.

The 37-unit chain had first quarter volume of $64,745,508 to help net earnings reach $2,446,114, or 21% better than in the same period a year ago.

Activities in the quarter included the opening of Hechinger's first outlets in North Carolina, one in Winston-Salem and two in Charlotte. Preopening expenses associated with the openings were written off in the quarter, officials noted.

Hechinger also sold 600,000 shares of common stock with proceeds totaling $13.4 million to fund future expansion.

Units in Baltimore, Durham, N.C., and Sterling, Va., to be opened this year are takeover buildings and the company plans to renovate the structures into 60,000-sq.-ft. stores at a cost of $500,000 to $750,000 per unit, officials said.

Ernst parent sees record 1st quarter earnings gain

SEATTLE—Pay 'n Save Corporation, parent company of Ernst Home Centers, announced record gains in first-quarter earnings as net income increased by 175% for the quarter on top of a 12% sales increase for the same period.

Net income totaled $2,509,000 compared with $912,000 last year. Sales grew to $244,488 from $218,105,000 recorded in the first quarter of last year.

Chairman Calvin Hendricks said that of the increased earnings "the most significant [came] from the home center division."

Ernst home centers, an 81 store chain, plans to open a new store in Missoula, Mont., at the end of the year.

At Pay 'n Save's annual meeting, stockholders approved a 2 for 1 split and an increase in the company's authorized common stock from 10 million to 20 million shares. The quarterly dividend of 28¢ per share was adjusted to 14¢ per share.

CALENDAR

July 11-14
79th International Housewares Exposition, McCormick Place and McCormick Place West, Chicago.

July 16-17
2nd Annual Sentry Dealer Market, Municipal Auditorium, Nashville, Tenn.

Aug. 6-7
Ohio Valley Hardware Fall Dealer Market, Executive Inn, Evansville, Ind.

Aug. 12-14
Virginia Building Material Assn. (VBMA) **Summer Management Conference,** Ramada Inn On-The-Beach, Virginia Beach, Va. 804-745-4200.

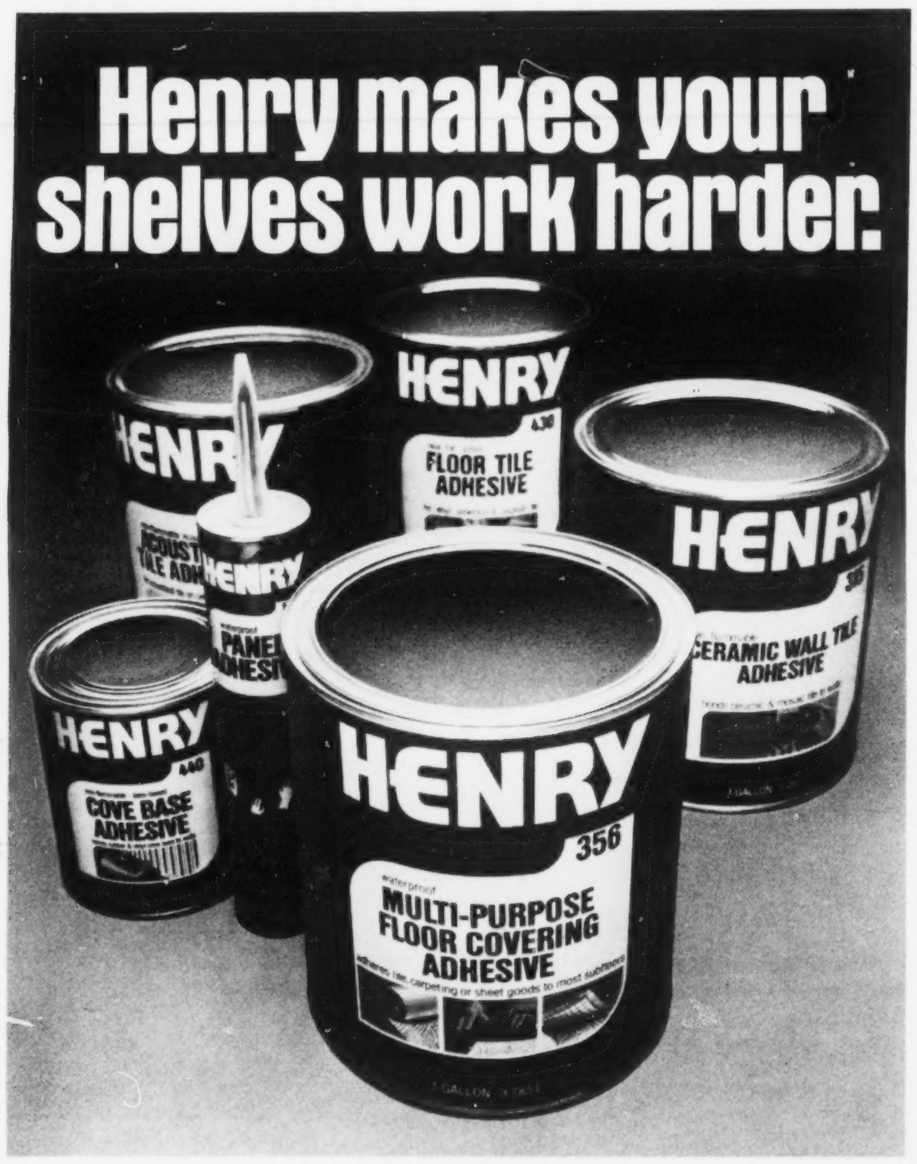
Aug. 17-20
Wood Moulding and Millwork Producers, Summer Meeting, Broadmoor Hotel, Colorado Springs, Colo. 503-292-9288.

Aug. 19-21
Retail Lumber Dealers Assn. of Maine, Annual Meeting, Samoset Resort Inn, Rockland, Maine.

Aug. 20-21
Moore-Handley Co., Dealers Show, Birmingham//Jefferson Civic Center, Birmingham, Ala.

Aug. 13-18
38th Annual National Hardware Show, McCormick Place West and McCormick Place, Chicago. 203-964-0000.

When's your show?
If home center operators will be attending your show, association convention or special seminar, *NHCN* wants to know. Send date, location and schedule to: Calendar, *National Home Center News*, Lebhar-Friedman, 425 Park Ave., New York, N.Y. 10022.



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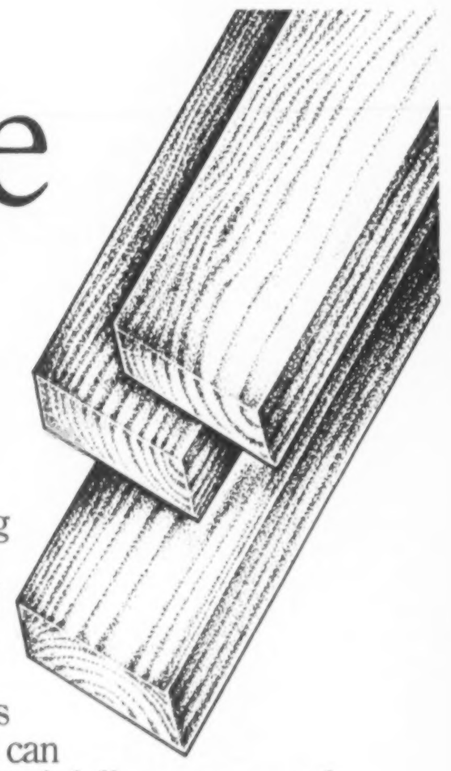

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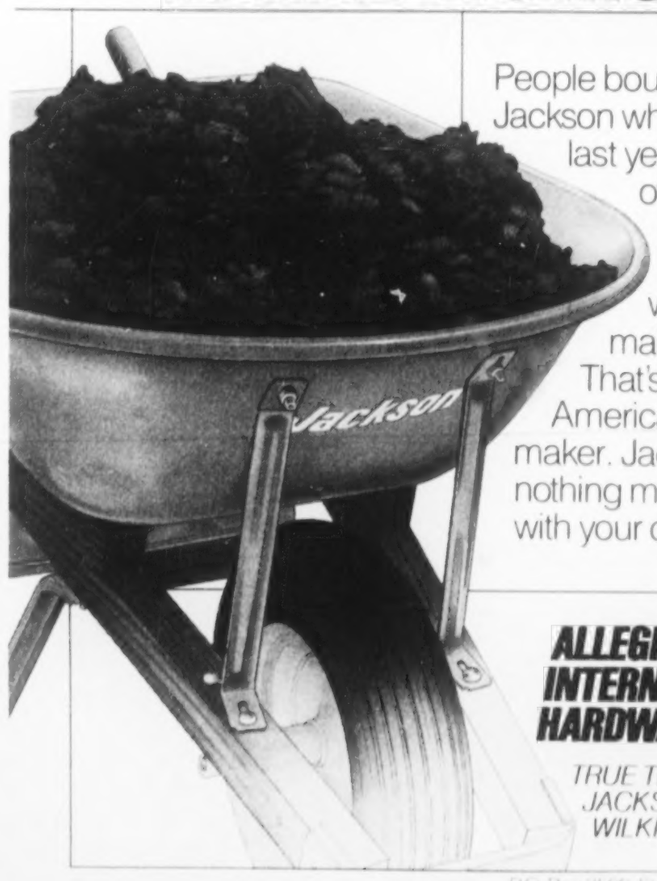

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